

Can you trust Swedish stock market analysts?

Written by Johan Nylander

Monday, 22 March 2010 12:04 - Last Updated Monday, 22 March 2010 17:51

Financial analysts furious after being slammed as incompetent.



RELATED NEWS:

- [Swedish investors flee riskier assets](#)
- [Why money doesn't motivate most workers](#)

Author and economy journalist Olle Rossander wrote in [a book](#) a few years ago that “monkeys (index) are better on picking stocks than most well-paid analysts and well-writing journalists” as four out of ten purchase advice would have lead to a loss for the investor.

A new sum up of analyst recommendations, by Swedish online broker Nordnet, indicates that the famous monkey still might have a future in stock picking.

A majority of prognoses made by analysts covering Sweden’s largest companies, listed on OMX Stockholm 30, fail to predict outcome and earnings, it said.

Only 39 percent of the companies’ fourth-quarter earnings were in line with expectations (accepting a 10-percent error margin). During the previous quarter merely one in five prognoses were true to the actual outcome.

“During the fourth quarter analysts have boxed in results better. But that’s not because analysts have become better. It’s rather the economy that has become clearer and more predictable”, said Johan Tidestad, head of Nordnet in Sweden.

So can you trust analysts and stock market recommendations?

Can you trust Swedish stock market analysts?

Written by Johan Nylander

Monday, 22 March 2010 12:04 - Last Updated Monday, 22 March 2010 17:51

Peter Malmqvist, head of Swedish Society of Financial Analysts and independent stock market analyst, is certain that you can. He is furious over Nordnet's way of "discrediting an entire professional group" based on data from an extremely turbulent period of time.

"Analysts are way better on making forecasts than other groups", he told The Swedish Wire, adding that the outcome of analysts' estimates are seen as trustworthy and "very good" in a longer perspective.

"The entire institutional equity market finds analysts' forecasts reliable in order to see what investors make of the future".

Peter Malmqvist, who actually used to be head of equity research at Nordnet, criticizes his former employer of using these surveys as a sneaky way to promote recently launched index funds.

Oil company Lundin Petroleum was the most difficult firm to forecast, the Nordnet survey showed. While analysts had predicted a profit of 0.52 kronor per share the company posted a loss of 9.49 kronor. Analysts covering Getinge, the world's largest maker of surgical workstations, performed the best.